INTEL:

ARCHITECT

OF THE

MICROCOMPUTER

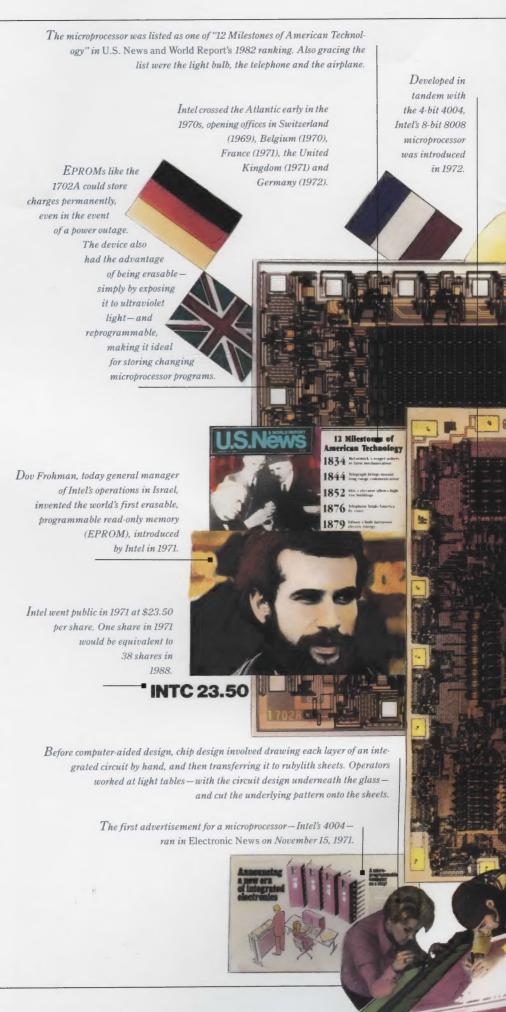




programmable read-only memory (EPROM) and dynamic random access memory (DRAM) have transformed the way the world handles information. "Computers" are no longer huge, costly machines that take up entire airconditioned rooms; rather they are tiny, inexpensive chips that can be tucked into personal computers, automated teller machines, automobile engines, laser printers, toys and assembly line robots. In the process, new industries have emerged and old ones have been transformed.

Intel too has been transformed. In 20 years it has blossomed into a multinational, Fortune 200 company with more than 20,000 employees.

What has enabled the company to achieve so much in so little time? Perhaps it is a sort of high tech three R's: research, risktaking and responsiveness. Through good times and bad, Intel has invested from 10 to 15 percent of its revenues on average on research and development, essential in an industry where yesterday's state-of-the-art can be tomorrow's obsolete. Fueling this is the fact that the entrepreneurial fervor ignited at Intel 20 years ago has continued. Taking risks-whether on a new product, a new market or even a new venture-is a requirement if you are going to be on the leading edge. Responding to changing market needs is also an imperative. The most dramatic example of Intel's shifting gears to respond to the marketplace has been the



Intel's director
of marketing Ed
Gelbach developed
the marketing
strategy for
the 4004

micro-

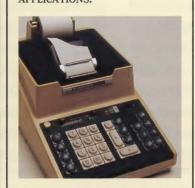
processor.

The world's first
microprocessor, Intel's
4004 put the power of the first
electronic computer—the U.S.
government's 3000-cubic-foot ENIAC—
on a single 1/6-inch x 1/8-inch silicon chip.

One of Intel's first systems products, the SIM 4-01 simulator board was built to help customers design 4004-based products.

Asked to design a custom,
multi-chip calculator solution
for Japanese manufacturer
Busicom, Intel engineer
Marcian E. "Ted" Hoff instead
invented the world's first,
general-purpose microprocessor.

THE FIRST MICROPROCESSOR APPLICATION, THIS CALCULATOR FROM JAPANESE MANUFACTURER BUSICOM, USED INTEL'S 4-BIT 4004, THE WORLD'S FIRST MICROPROCESSOR. BUSICOM HAD INITIALLY CONTRACTED INTEL TO DEVELOP A CUSTOM, 12-CHIP SET FOR A FAMILY OF CALCULATORS. BUT INTEL ENGINEER TED HOFF HAD A BETTER SOLUTION: DESIGN A GENERAL-PURPOSE PROCESSOR THAT COULD BE PROGRAMMED FOR THOUSANDS OF DIFFERENT APPLICATIONS.



company's transformation from a semiconductor company to a microcomputer company, providing the component-, board- and system-level building blocks from which its original equipment manufacturer (OEM) customers can build their end-products.

In short, Intel has prospered by embracing change, a reasonable trait for a revolutionary.

HISTORY

By the time they founded Intel, Bob Noyce and Gordon Moore were already electronics veterans. They had met while working for William Shockley, co-inventor of the transistor, and had later co-founded Fairchild Semiconductor with six colleagues. At Fairchild, Noyce was co-inventor of the integrated circuit, and Moore managed the R&D team that brought the first chips into the commercial domain.

They were joined soon after Intel's incorporation by Andy Grove, a Hungarian emigre who had earned a doctorate in chemical engineering at U.C. Berkeley before joining Fairchild in the early 1960s.

Intel focused initially on making semiconductor computer memory practical. This was not a trivial challenge; at the time, magnetic core memory was 200 times cheaper than semiconductor memory. Intel's task was to drive down cost-per-bit by achieving dramatic increases in the number of bits that could be stored on a chip.

Talented people flocked to Intel, drawn by the founders'

1973 • 1974



reputations and a shirtsleeves, achievement-oriented atmosphere that valued hard work and good ideas.

Within a year, Intel had rolled out its first product—the 3101 Schottky bipolar 64-bit static random access memory (SRAM). Soon after, the company introduced the 1101, a 256-bit SRAM, developed on Intel's new silicon gate metal oxide semiconductor (MOS) process, which substituted a film of poly-crystalline silicon for the aluminum used previously. Both were moderately successful, but Intel's first really successful product - the 1103 DRAM came in 1970. The DRAM, used to store a computer's instructions. received broad acceptance among mainframe manufacturers because of its low cost.

It wasn't long before the 1103 started to bury magnetic cores. Indeed, by the end of 1971, the 1103 was the world's largest selling semiconductor device. But 1971 was not only the year of the 1103,

971 was a busy year at Intel. The company became a publicly held corporation and it was the first year in which revenue surpassed operating expenses. Intel also established sales offices in Paris and Tokyo in 1971.

In August 1971 Intel introduced the EPROM. The brainchild of Intel's Dov Frohman, the device was an industry first. The new memory could store data permanently, but could be erased simply by being zapped with a beam of ultraviolet light, unlike

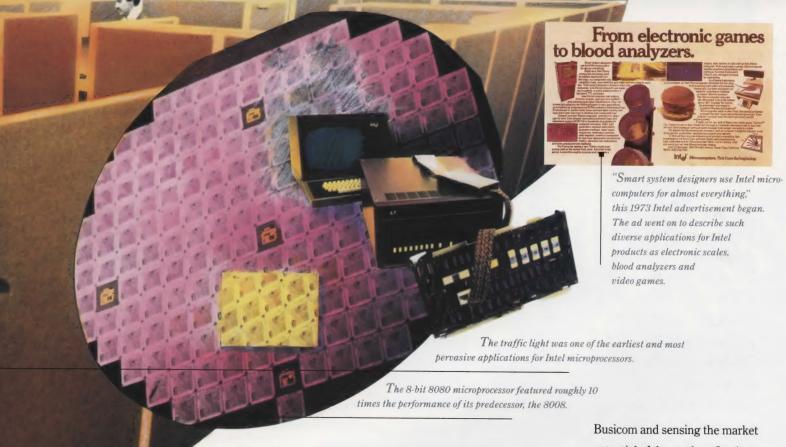
prior memory solutions which had to be replaced whenever new programming was needed.

Initially, the EPROM was viewed as a prototyping device for R&D. But with the invention of the microprocessor that same year, the full potential of the EPROM was realized - and vice versa. The EPROM gave OEMs a flexible, low-cost way to store

microprocessor programs, and the market for both chips grew rapidly as a result.

THE MICROPROCESSOR

he invention of the microprocessor forever changed Intel's course; it was the company's first real foray into the logic front, and a serendipitous one at that.



In 1972, as the digital watch craze was beginning, Intel acquired Microma, a small company. Price wars and the inability to add significant technological value to the product forced Intel to sell the business in 1978.

Intel's second international assembly plant opened in Manila, the Philippines, in 1974. A test facility followed in 1982. Today that Intel community numbers roughly 1500.

The development of the microprocessor actually began in 1969, when the now-defunct Japanese calculator-maker Busicom asked Intel to design a set of chips for a family of programmable calculators. The original design called for at least 12 custom chips, but Ted Hoff, the Intel engineer assigned to the project, thought the configuration was unduly complex. His solution was to develop a single-chip, generalpurpose logic device which would retrieve its application instructions from semiconductor memory. Up until that time, every customer who had needed a complex logic chip wanted a custom-designed one. But, "If this continued," Noyce and Hoff wrote later, "the number of circuits needed would proliferate beyond the number of circuit designers." Hoff's solution would enable one off-the-shelfprocessor to handle a slew of different functions.

Hoff's vision was transformed into silicon in nine months by a

team of engineers and designers led by Federico Faggin. Measuring 1/8-inch wide by 1/6-inch long and consisting of 2300 MOS transistors, the 4004 microprocessor had as much computing power as the first electronic computer, ENIAC, which filled 3000 cubic feet with 18,000 vacuum tubes when it was built in 1946. The 4004 could execute 60,000 operations in one second, primitive by today's standards, but a major breakthrough at the time.

There was only one minor problem with the device: Busicom owned the rights to it. At the outset, Busicom had paid Intel \$60,000 to design the chip set. Now, Intel was uneasy about its decision to give up the rights. Cognizant of financial troubles at

Busicom and sensing the market potential of the product, Intel offered to give them back their \$60,000 investment if they would surrender their exclusive rights to the product. They accepted the offer, and the rest, as they say, is history.

The 4004 was formally introduced at the end of 1971, sold for \$200, and was followed less than a year later by the 8-bit (processes 8 bits—a string of eight ones or zeroes—of information at a time) 8008. Soon after their introductions, both devices began to open up new markets for Intel products. For the first time, affordable computing power was available to designers of all types of products and they began using Intel's new devices in ways the company hadn't anticipated. Among the applications were traffic lights. scales and taxi meters.

The cash cows that funded these forays into computing were Intel's memory chips. At the time, no one could match the company's prowess in DRAMs, SRAMs or EPROMs. According to Gordon Moore, "We were fortunate in picking a technology sufficiently difficult that it took our competitors several years to catch on." In retrospect, the company's memory and logic technologies interacted with remarkable synergy: memory sales funded microprocessor development, which in turn created demand for more memory. And so on.

Born in 1974, the 8-bit 8080 has been called the first, true general-purpose microprocessor. It was much more highly integrated than its predecessors, and, executing 290,000 operations per second, offered roughly 10 times the performance of the 8008. While both the 4004 and 8008 used Pchannel MOS technology, the 8080 used the innovative N-channel process, resulting in major gains in speed, power, capacity and density. The market response was enormous and the product soon became an industry standard.

But Motorola and Zilog responded to the 8080 with the 6809 and Z80 microprocessors, respectively, raising the competitive ante and driving Intel forward to the next generation of microprocessors. In fact, the company began pursuing two paths simultaneously. The 8086, a 16-bit microprocessor with 29,000 transistors and 10 times the performance of the 8080, was introduced in 1978. The iAPX 432, an architecturally innovative but slow 32-bit microprocessor,

was introduced in 1981. Unfortunately, the process technology of the time couldn't deliver sufficient performance, so the 432 microprocessor never caught on despite its advanced design.

The 8086 was followed in 1979 by the 8088, an 8-bit bus version of the 8086. Orders for the new chips grew steadily, but, once again, the competition was close behind.

Serious competition developed in the form of the Motorola 68000, which crept up on the 8086 and beat it out for a number of key design wins. In response, Intel launched a company-wide campaign to squelch the onslaught and make the 8086/8088 architecture the industry standard. The objective was to generate 2000 new designs within a year and an aggressive Intel rose to the occasion. Aware that customers were increasingly looking to reduce their time to market, Intel stressed its ability to offer complete microcomputer solutions with software, peripherals and field support. Simultaneously, the company poured money and effort into advertising, seminars and technical documentation. The result? Intel beat its target by raking in nearly 2500 new design wins that year. THE IBM PC

he selection of Intel's 8088, in 1980, as the architecture for IBM's first personal computer was a terrific coup for Intel. IBM's strategy was to create an "open" system based on an industrystandard microprocessor. (Open, as opposed to closed or proprietary systems, are capable of providing an easy transition to the next generation of microprocessor technology. This is why software compatibility between microprocessor generations is so important.) The Intel 8086/8088 campaign had established the Intel architecture as the de facto 16-bit standard; later, the IBM PC* win clinched it. In addition to making the Intel 8088 the standard, the IBM PC also made the machine's software (Microsoft Corp.'s MS-DOS*) the standard, which led hordes of application software developers to start writing DOS-compatible programs. More important, however, it brought computing power to the office desktop.

While PC kits had been available ever since MITS' 8080-based Altair 8800 hit the streets in 1974, and Apple in 1977 had achieved success-mainly with hobbyistswith its Apple II personal computer, it was IBM that penetrated the office market. Workers jumped at the chance to increase productivity at their desks, and quickly embraced the small sampling of DOS-compatible word processing and spreadsheet programs on the market.

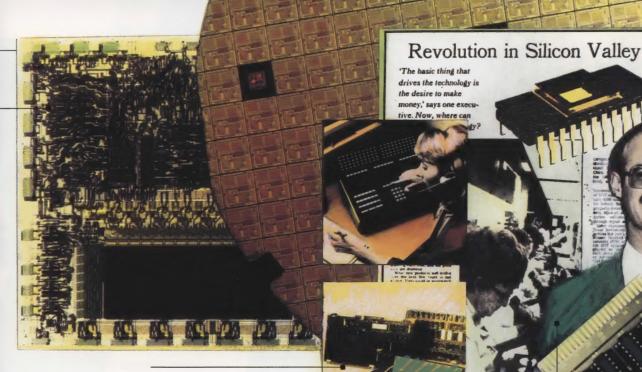
The IBM PC was a success. however in 1981-1982 overcapacity drove down prices on high-margin chips such as the 2716 EPROM. IBM, concerned about Intel's ability to keep investing in R&D and the advanced plants of the future, stepped forward in late 1982 to buy \$250 million of stock. This infusion

Intel invented the first EPROM microcontroller, the 8-bit 8748, in 1976. The microcontroller integrated a microprocessor, memory and an input/output device all on a single chip.

of capital and IBM's endorsement of the Intel architecture enabled Intel to solidify its position. In 1987 IBM sold the last of its shares in a strong Intel.

The next generation of the 8086 family - the 16-bit 80286 was introduced in 1982. While it maintained software compatibility with its predecessor, the chip, with 130,000 transistors, was far and away technologically superior. Aimed at the higher end of the 16-bit market, which was demanding more performance to accommodate everything from local area networking to color graphics, the 286 microprocessor featured multitasking (the ability to run two or more tasks simultaneously using one microprocessor), and an on-chip security function which ensured data would be protected. These features allowed it, for example, to be able to run both the MS-DOS and UNIX* operating systems.

Despite the fact that the personal computer was not even mentioned on a pre-introduction list describing every possible potential use for the product, it ultimately became the 286's largest application. While the 286 found its way into industrial auto-



An innovation in the area of development tools, Intel rolled out the ICE^{TML}80 in-circuit emulator in 1975. This tool, used to emulate the performance of microprocessors while they are in an actual system, is still the most effective way to develop and debug microprocessorbased systems.

Few will forget the 1975 fire that destroyed the entire Penang assembly facility or the truly miraculous show of team effort that ensued. Operating out of rented space, the Penang team managed to ship 100,000 units less than two weeks after the disaster.

mation, telecommunications, transaction processing and military applications, its most significant role was as the brain of the second-generation IBM PC-the PC AT*-and the compatible machines that followed. Hoping to replicate IBM's success and facilitated by the AT's open architecture, companies like Compaq, NEC and Tandy later brought out AT-compatible computers (clonemakers en masse had also introduced PC-compatible machines), so that by the end of 1988 there was an installed base of roughly 15 million 286-based personal computers worldwide.



Intel (written in Katakana on this button) first established a sales office in Tokyo in 1971, and expanded its Japanese operations in 1976. Intel began offering its customers single board computers in 1976 after OEMs began expressing interest in the "guts" of the Intellec* 8 development system.

Dick Pashley first led Intel into the high-performance MOS (HMOS) business. Initially applied to Intel static RAMs (SRAMs) and then DRAMs, the HMOS process ultimately led to denser, smaller and higher performance microprocessors.



PRESSURE FROM THE LAND OF THE RISING SUN

Despite the success of the 286, Intel suffered—along with the rest of the semiconductor industry—through a severe recession in 1985-1986. The U.S. semiconductor industry as a whole lost money every quarter from the second quarter of 1985 through the fourth quarter of 1986 due to a combination of slumping demand and growing capacity. Concurrent with these developments, Japanese semi-

conductor manufacturers engaged in unfairly low pricing of both DRAMs and EPROMs. These developments led to the initiation of a number of formal trade cases in 1985.

A Section 301 case, citing unfair pricing of Japanese semiconductors in the U.S. and restricted market access of American firms to the Japanese market, was filed with the U.S. Trade Representative in June 1985. Also that month, Boise, Idaho-based Micron Technology initiated a case against several Japanese DRAM manufacturers.

Soon after, Intel, Advanced Micro Devices and National Semiconductor filed their own case against the Japanese, this time for EPROM-dumping (i.e., selling below cost plus normal markup). Finally, the U.S. Depart-

ment of Commerce initiated its own investigation of DRAMdumping. In preliminary antidumping determinations in all of these cases, and final determinations in two, Japanese companies were found to be dumping.

Yet, despite the seemingly promising outcomes of the cases, there was still devastating damage to the companies. In 1985, Intel was forced to resort to lay-



A telephone
from Denmark's
Kristian Kirks
Telefonfabriker
incorporated an 8-bit 8048
microcontroller from Intel. Stateof-the-art for the time, the phone
featured number recall and auto
redial.

Ly.S. governme
American trade
signed in Septe
effect a settlem
301 investigation
that all dumpin
EPROMs in the

offs, plant closings, salary cuts and time off without pay. (Intel, however, still increased its R&D spending that year—to 14.3 percent of revenues). Perhaps worst of all, though, falling prices forced Intel in 1985 to abandon the DRAM business, a business it had created, although the company tenaciously hung on to its leadership in the EPROM business.

Largely the result of the unified semiconductor industry front and its persistent lobbying of the U.S. government, a Japanese/American trade agreement was signed in September 1986. In effect a settlement of the Section 301 investigation, it stipulated that all dumping of DRAMs and EPROMs in the U.S. and third-country markets must cease, and that full market access would be provided to foreign firms in Japan.

While dumping in the U.S. stopped fairly rapidly, dumping in third-country markets continued, as did the closed Japanese market. As a result, President Reagan in April 1987 imposed tariffs on \$300 million worth of Japanese goods. Semiconductor imports were not targeted, however, to avoid hurting any U.S. manufacturers who depended on them for their end-products.

ENTER THE 386™
MICROPROCESSOR

Intel would probably just as soon erase 1985 from the history books, were it not for the introduction of the 386™ microprocessor. No longer producing DRAMs, struggling to keep its lead in EPROMs, and in the midst of the worst downturn in history, Intel needed a winner. The 32-bit 386 microprocessor turned out to be just that winner later in the decade.

With 275,000 transistors—a more than 100-fold increase in transistor count over the 4004a top operating speed of 5 million instructions per second (MIPS) and the ability to run DOS software concurrently with UNIX programs-still the only microprocessor that can make this claim—the 386 microprocessor was embraced by the computer community. Upon its introduction, the chip was heralded as "the highest performance commercial microprocessor ever designed." The key word in that phrase was commercial. In other words, one might have been able to build a machine with higher performance by using exotic technologies, but you could not build it as small or as costeffectively as the 386 microprocessor.

In 1988 Intel rolled out the 386SX™ microprocessor, or "the 386 Lite," as *The New York Times*' Peter H. Lewis dubbed it. The chip is an entry-level addition to the Intel386™ family, which

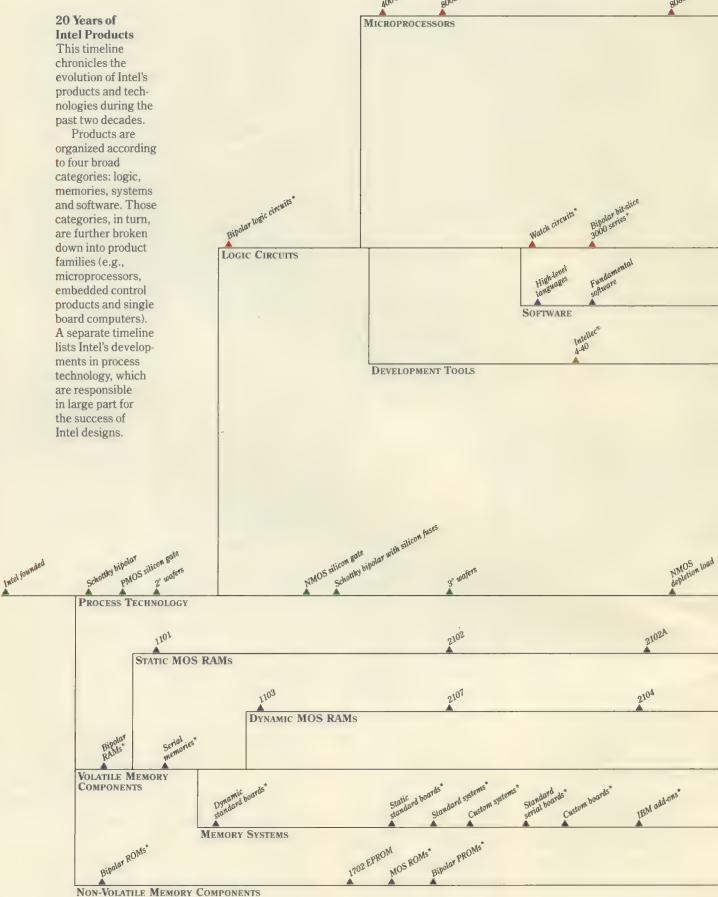
because it is priced competitively yet can execute 2.5 to 3 MIPS, is a natural upgrade from the 286. The chip also offers a distinct advantage in that, unlike the 286, it can run 32-bit software. Initial response to the chip was encouraging, and the first personal computers, from companies like Compaq and NEC, were well received.

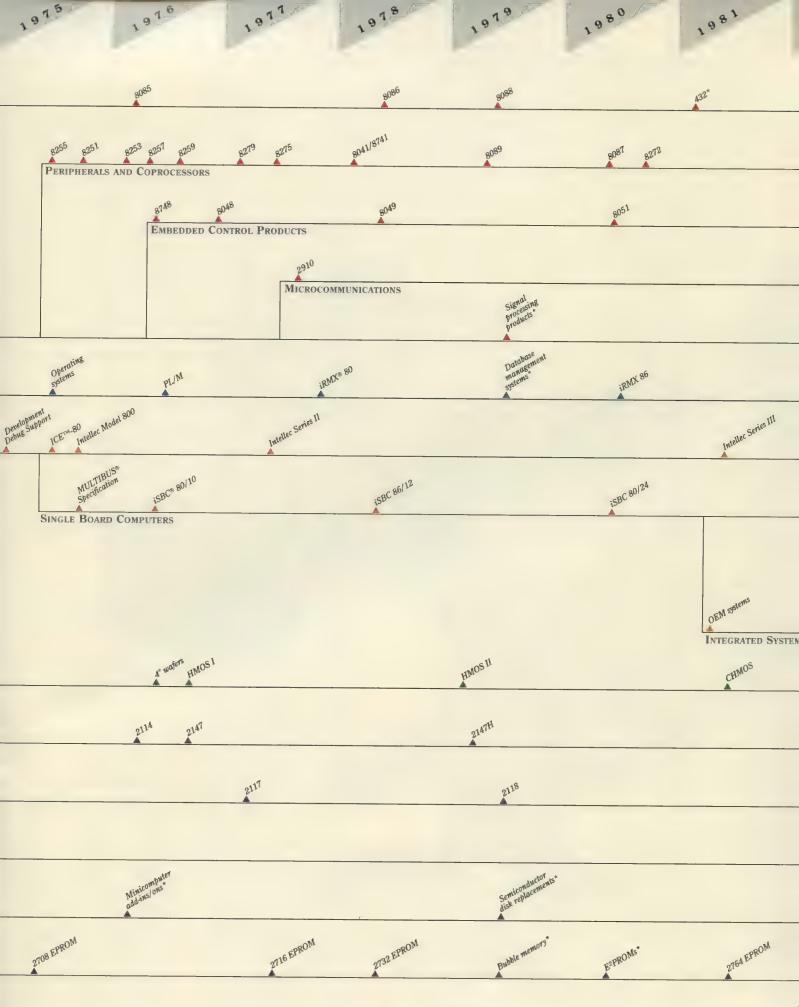
Peripherals—

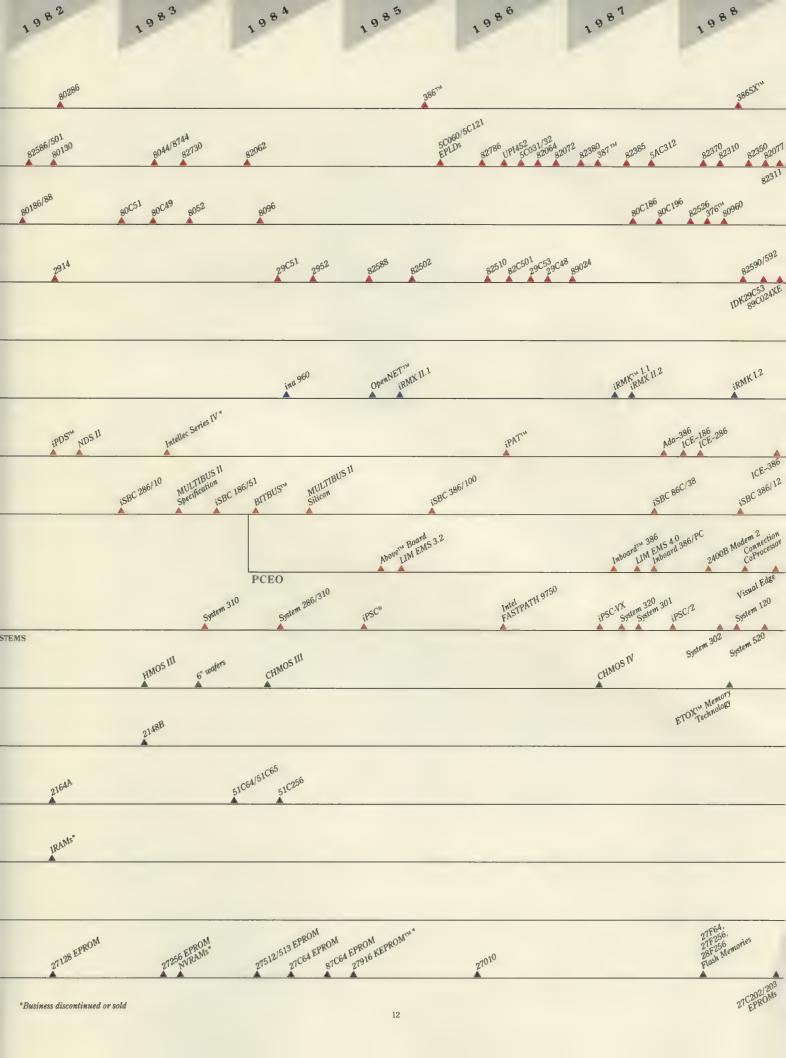
THE DATA MOVERS

oon after the introduction of the first version of the 386 microprocessor, Intel announced it would be offering three companion chips-part of a broad category of microcomputer products known as peripheralsto further enhance its performance. Peripheral components are specialized integrated circuits designed to reduce the load on a specific central processing unit (in this case, the 386 microprocessor). Typically, they are responsible for shuttling data internally, from the central processing unit (CPU) to the printer, for instance—or, in the case of telecommunications products, from machine to machine. Each of Intel's microprocessors has been supported by a full line of peripheral components. This particular trio consisted of the 387™ math coprocessor, the 82385 cache controller and the 82380 integrated system controller.

This commitment to providing complete hardware solutions finely tuned to Intel microprocessors surfaced in the late 1970s









MAJOR OPERATIONS

- Santa Clara Microcomputer Division Santa Clara, California, U.S.
- Folsom Microcomputer
 Division
 Folsom, California, U.S.
- Memory Components
 Division

Folsom, California, U.S.

- Chandler Microcomputer

 Division

 Chandler Asizona IIS
- Chandler, Arizona, U.S.

 Systems Group

Hillsboro, Oregon, U.S.

- HEADQUARTERS

 Paris, France
- Munich, W. Germany
- Hong Kong

REGIONAL

- Tsukuba, Japan
- Swindon, United Kingdom

WAFER FABRICATION

- Chandler, Arizona, U.S.
- Livermore, California, U.S.
- Santa Clara, California, U.S.
- Albuquerque, New Mexico, U.S.

- Aloha, Oregon, U.S.
- Jerusalem, Israel

SYSTEMS MANUFACTURING

- Hillsboro, Oregon, U.S.
- Las Piedras, Puerto Rico
- Singapore

COMPONENTS ASSEMBLY & TEST

- Chandler, Arizona, U.S.
- Penang, Malaysia
- Manila, Philippines

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and was a very successful strategy for the company. Intel's peripheral product portfolio was weak in the early eighties which allowed a number of smaller start-ups to beat it to market with chip sets for its own microprocessors. The companies were wildly successful at first and Intel was forced to play catch-up. It did, and in so doing a fundamental business principle became crystal clear: time-to-market is everything.

Because Intel chip sets are now developed in tandem with the company's microprocessors, time-to-market is considerably shorter than third-party chip sets. Furthermore, Intel chip sets are developed *specifically* for Intel chips by designers working with the microprocessor design teams.

HIDDEN INTELLIGENCE

A n outgrowth of the microprocessor, the EPROM microcontroller was invented by Intel in 1976. The device combined a microprocessor, memory and an input/output mechanism on a single chip.

Differing from the microprocessor, microcontrollers are preprogrammed by product designers to perform the same function—whether it's controlling Ford Motor Company's automotive engines or a robotic arm from Cincinnati Milacron—and are then embedded in the application. Because of this, users often don't even know they're there. But there they are, and in huge numbers.

Indeed, microcontrollers are actually far more pervasive than

general-purpose microprocessors. In 1988 microcontrollers outsold microprocessors by more than five times—with an estimated 486 million units, compared with 89 million microprocessors, according to Dataquest, a San Jose, California-based market research firm.

The first entry in Intel's microcontroller line was the 8-bit 8748, followed closely by the 8-bit 8048 and then the 8-bit 8051 in 1980. The latter two went on to become industry standards; in fact, today they account for roughly one-third of the 8-bit microcontroller market. Then in 1984, Intel unveiled the industry's first 16-bit microcontroller, the 8096. Two years earlier, Intel had introduced the 80186, which was initially developed to be used in traditional microprocessor applications, but also found broad acceptance in the embedded control market.

While the 8-bit 8048 and 8051 and the 16-bit 8096 became leading architectures, the controller market proved to be intensely competitive, and over time Intel found itself with a declining market position.

To capture market share, Intel had to convince customers of its commitment to their specialized needs. The stage was set for another major Intel campaign.

Launched in 1987, the embedded control campaign, like the 8086 drive nearly a decade before, was a tremendous success. Intel's energetic and enterprising field sales and applications engineers came to the rescue, raking in

more than 5500 new designs, 2500 more than their target. Not only were they offering Intel's existing products in standard or application-specific configurations, they also had an enhanced lineup of new embedded control products.

In 1988 Intel rolled out the 80960, a 32-bit controller architecture offering outstanding features and performance. To meet varied customer needs, the 80960 was offered initially in three configurations, with more to follow.

In conjunction with the 80960. Intel launched the 376™ embedded processor, a lowerpriced, lower-performance entry based on the Intel386 architecture. Finally, Intel introduced its flash memory device, a chip targeted at those who may want to update their embedded programs. Affordable and easily manufacturable like EPROMs. but easier and faster to update, flash memories don't have to be taken out of their application in order to be reprogrammed. This capability facilitates program updates in such hard-to-reach places as automobiles and assembly lines. By the end of 1988 there were nearly 200 flash memory designs in the works. SYSTEMS

Intel's systems business, like its embedded control business, is also somewhat overshadowed by the high-profile microprocessor. The Systems Group—headquartered outside Portland, Oregon—develops, manufactures

and markets microcomputer boards, systems and software for original equipment manufacturers, the retail market and the end-user.

Interestingly, Intel's systems business followed roughly the same evolutionary path as the company's components business. While the first product offerings were memory-related, the majority of subsequent products were microprocessor-based.

When Intel introduced the world's first DRAM in 1970, many customers initially had difficulty designing systems around the part—"It was probably the most difficult-to-use semiconductor device ever created by man," Gordon Moore once reflected. To help customers, and thus speed the acceptance of the product in the marketplace, a number of Intel engineers put together boards to show customers how the DRAM could be used. As casually as that, Intel's systems business was on its way.

In 1971 Intel formalized its systems focus and formed a Memory Systems Operation (MSO), a separate group dedicated to building and selling memory circuit boards and memory systems. The operation's first product was the IN-10, a moderately successful memory board that also incorporated peripheral support components. Then in 1972 Intel began selling plug-compatible, add-on memories for IBM mainframes, a business which continued until the late seventies. In 1983, due to shrinking demand for this and other memory

systems products, MSO was phased out.

About the same time DRAM customers were crying for help, a similar situation was arising on the microprocessor front. When the first microprocessor (the 4004) came out in 1971, Ted Hoff and several other Intel engineers had to go on the road to tell engineers how to use the new chip. Hoff had made up a simulator board, aptly called the SIM-4, to demonstrate how customers could develop 4004 products. At

first there was a difference of opinion as to whether the boards should be given away free or sold to customers. But when it became clear how eager customers were for them, Intel opted for the latter choice. This move launched Intel into the development tools business.

Microcomputer development tools have been an important part of Intel's product offerings ever since. In 1973, Intel introduced its first complete development system: the Intellec* 4-40. Used

to develop both the hardware and the software for new products incorporating Intel microprocessors, the turnkey system considerably reduced customer product design cycles and was, consequently, extremely popular. In essence, the Intellec machine was the first engineering workstation, created because engineers really had no host machines on which to develop software. The advent of industry-standard hosts, like PC- and AT-compatible machines and the DEC VAX* minicomputer, facilitated a shift away from dedicated hosts like the Intellec development system.

Intel's next step in development tools—and an industry first—was its introduction of the ICE™-80 in-circuit emulator in 1975. The ICE module could be substituted for the microprocessors that

OEM memory boards, like the 2164A DRAM board shown here, were one of Intel's first forays into the systems world.

The 8-bit 8751 microcontroller, an example of an applicationspecific standard product, was made by taking a standard 8051 part and adding 4-Kbytes of erasable, programmable read-only memory (EPROM) to it.



Automated teller machines
(ATMs) have made bank interiors
foreign terrain to many of us.
ATM manufacturer Diebold
supplied Bank of America with
this machine, which was based
on Intel single board computers.

were actually used in a customer's system, providing an effective way to develop and debug microprocessor-based systems. The in-circuit emulator has since become the industry-standard solution for this activity.

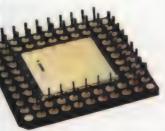
The year after the ICE development tool was introduced, Intel branched out in yet another systems direction. Up until that point, if customers wanted to build systems based on Intel components, they had to do it themselves. This meant that customers faced the task of integrating the microprocessor, peripherals, memories and other circuits onto printed circuit boards, and then adding the other elements needed to make a complete system.



The second-generation microprocessor in the 86 family, the

IBM

During the industry downturn of 1981-1982, IBM bought \$250 million of Intel stock. The infusion of capital and IBM's endorsement of the Intel 8086 architecture helped Intel weather the storm. IBM sold the last of its shares in a strong Intel in 1987.





Behind this new systems thrust, ironically, was the Intellec system. The development system had become extremely popular with OEMs, many of whom expressed interest in its individual contents: namely the CPU and memory boards. Recognizing another business opportunity, Intel in 1976 began offering its

customers single board computers. These modules, utilizing Intel's general-purpose processors, were compatible with Intel's now-industry-standard MULTIBUS* architecture, designed for mid-range computing applications. By 1988 Intel had shipped more than one million MULTIBUS boards.

After Intel rolled out its first single board computer, the company found it needed a new operating system for it. Unlike DOS or UNIX, the first iRMX* real-time operating system was geared strictly for applications that needed a guaranteed response within a strict time deadline. More than 500,000

CPUs were running iRMX by 1988, making it the most widely used real-time operating system in the world.

In 1981, the company took the next step forward in system integration when it introduced the first microcomputer in its
System 300 series. The System 86/330 came complete with

MULTIBUS-compatible single board computers, disk drives, software interfaces, power supply and chassis, and was sold mainly to OEMs, who had only to add their own application software in order to have a complete system. Intel replaced the System 86/330 a few years later with the System 310, a 286-based machine that found its home in, among other things, a system that keeps a close watch on the status of the water levels in Venice, Italy, and one which monitors the trading levels on the New York Stock Exchange. At the end of 1987, Intel rolled out the latest System 300 series machine, the 386 microprocessor-based System 320. And in 1988 Intel introduced the System 520, its first system to employ MULTIBUS II, the next-generation MULTIBUS architecture featuring multiprocessing capabilities ideal for both real-time and minicomputerclass applications.

While the System 520 is likely to be found controlling the activities on a factory floor, Intel's 386 microprocessor-based System 302 is more apt to be taking care of business at the office. Introduced in 1988, the System 302 is a microcomputer designed for OEMs who want to offer desktop systems but don't want to invest time and money developing hardware. The AT-compatible system comes complete with all the essentials save for a monitor, keyboard and applications software; it must, therefore, be configured by the OEM.



In 1983 Intel became the first semiconductor company to produce chips from six-inch silicon wafers. A six-inch wafer can yield more than twice the number of chips as a four-inch wafer.



LIVING ON THE EDGE

The systems products discussed thus far are all sold to OEMs, who customize them before they are sold as end-products. Intel also, however, sells some systems products through the retail channel, as well as directly to the end-user. These products are all the result of Intel's internal venturing activities.

In 1984 Intel stepped up its efforts to explore new businesses of potential strategic importance to the company. These Intel "start-ups" have the freedom to pursue new product ideas while retaining the ability to tap into the corporation's many resources. All inspired by enterprising Intel employees, they operate as separate businesses designing, manufacturing, marketing, selling and supporting their own products.

The Systems Interconnect
Operation was formed in 1986 to
develop and market FASTPATH,
a system sold through an end-user
sales force. It is used to connect
IBM System/370-class mainframes with other computers and
networks in factory, laboratory
and office environments.

Intel Scientific Computers
(iSC) produces concurrent supercomputers which solve complex
problems by putting as many as
128 standard Intel microprocessors to work on different parts of
the problem at the same time.
Intel's iPSC* machines can
match the performance levels of
certain Cray supercomputers, but
are a fraction of the cost because

they use off-the-shelf microprocessor technology. Originally viewed as a machine just for researchers, the iPSC is now used in such high-end applications as drug modelling, fluid dynamics and oil exploration. Intel had shipped more than 100 iPSCs by the end of 1988.

The Personal Computer Enhancement Operation (PCEO) sells boards used to enhance the performance of personal computers through more than 2000 retail outlets. The Above™ Board product line offers PC users a way to add more memory to their existing PCs, while Inboard™ products enable users to upgrade their machines to the next generation of microprocessor technology. In 1988, PCEO became the first group to become large enough, as well as profitable enough, to no longer be considered a new venture. PCEO is now an operation within Intel's Systems Group.

Products like FASTPATH,
Inboard and the iPSC concurrent
supercomputer are evidence of
Intel's continued commitment to
exploring new technologies,
as well as new markets. Naturally,
not all of Intel's programs have
paid off. Unsuccessful ventures
included Intel's acquisition of the
Microma watch company in 1972,
which it sold off in 1978, its bubble
memory business and the 432
microprocessor. In each case, the
company cut losses and moved on.

Not a company to get hung up on past disappointments, Intel continues to investigate new



possibilities. In fact, two new ventures were announced in 1988: BiiN™ and the acquisition of Digital Video Interactive (DVI) technology. Formed by Intel and Siemens A.G. in 1988, BiiN is a 50-50 joint venture providing systems for applications which require continuous operation, high security and fault tolerance. BiiN announced its first two products in late 1988.

DVI is a technology Intel acquired from General Electric/ RCA. Developed at the David Sarnoff Research Laboratory in Princeton, New Jersey, the technology brings full-screen, full-motion video with stereo sound, as well as interactive capabilities, to personal computers.

When EPROM prices dropped precipitously in 1985, Intel joined AMD and National Semiconductor in a successful dumping complaint against Japanese competitors.



The RANGER Energy Management System, developed by Ferranti International Controls Corp., incorporated several Intel products, including iSBC* 286/12 single board computers and 80186 embedded processors.

THE METHODS BEHIND THE MAGIC

evolutionary ideas alone cannot lead to successa company needs to be able to quickly turn those ideas into viable products. In order to achieve this, Intel must keep improving the methods used to develop its products, namely through state-of-the-art design and manufacturing capabilities.

Intel's sophisticated computeraided design (CAD) tools are making product design faster than ever before. The 82385 cache controller, for instance, went from product plan to sample in only 34 weeks. One way Intel is reducing design cycles is by reusing proven parts from past circuits. Computerized circuit "libraries" store previously designed circuits in the hope that parts of those chips can be used to design other chips. With a mere stroke on the keyboard, a proven feature of a chip can be copied and used in the design of a new chip. And not only are the products being made faster, they're being made better. A modern chip might have thousands of elements to check; verification without a computer would make for a very painstaking manual operation. So too would simulation. Today's design engineers can enter a representation of a chip into a computer and simulate its operation onscreen. By identifying any bugs and correcting them on the computer, engineers can get functional samples on the first try.

Better chips in less time is also the rationale behind "designing for manufacturability," whereby Intel's design and process engineers work together from the concept stage to ensure Intel products are designed with manufacturing in mind. This has led to significant improvements in time to market.

Long considered the poor stepchild of design, manufacturing has assumed a new importance at Intel, prompted by customers' demands and by increased competition from top-notch Japanese manufacturing machines. Today, Intel puts manufacturing high on its priority list, on par with technological leadership, customer service and concern for employees.

Intel manufacturing begins at the company's technology development centers. D1 in Oregon is devoted to exploring new manufacturing techniques for producing logic chips, while D2, a 200,000-square-foot facility nearing completion in Santa Clara, California, will be the proving ground for memory and microcontroller process technologies. Once these processes are perfected, they are transferred to one of Intel's production wafer fabrication facilities.

Manufacturing at Intel means computer-integrated manufacturing, driven by human engineering. Within the super-clean confines of Intel's futuristic fabs-Albuquerque's Fab 9 Class 1 clean room is 1000 times more sterile than an operating room-automatic guided vehicles shuttle

wafers from station to station while a centralized computer system keeps track of where everything is at any given time. Statistical process control methods, ensuring any defects on the line are identified and corrected immediately at the source of the problem, are employed at all Intel fabs. In addition, Intel fab workers are trained to perform several different tasks so that a replacement can jump in should a particular worker be called away from his station. The result of all this effort? Production yields have risen, revenue-per-manufacturing employee jumped from \$100,000 in 1984 to more than \$200,000 in 1988 and units per manufacturing employee doubled during this period.

This attention to quality, in the form of methods like statistical process control, has enabled Intel to reduce its defects per million components rate from several thousand at the beginning of the decade to less than 200 today. It has also allowed Intel to narrow the line width-the distance between gates on a chip-to one micron, or roughly one 25thousandth of an inch - a distance 1/150th the width of a human hair. This translates into smaller, faster chips, and thus smaller, faster, more cost-effective endproducts from our customers. THE REVOLUTION CONTINUES

he trend toward smaller. faster chips will continue, as will a number of other promising trends. Intel's increasingly

global nature, for one. Intel initially ventured beyond the U.S. border, as many companies did, to take advantage of dramatic savings in manufacturing costs. By 1988, the company had a wafer fab in Israel, component assembly and test facilities in the Philippines and Malaysia, and systems assembly facilities in Puerto Rico and Singapore. Due to the increasingly global nature of today's business climate, the consumption of Intel products abroad, and consequently the resources needed to handle the demand, also began to climb. The result has been an ever stronger

Introduced in

memories are

affordable, easy

to manufacture

and don't have

to be removed

from their

to be repro-

grammed.

applications

1988, flash

Unveiled

1986, the

Compaq

in September

DESKPRO*

386 was the

on the 386th

first PC based

microprocessor.

European operation—responsible in 1988 for nearly a quarter of the company's sales—and a growing presence in the Far East. In 1987 Intel was ranked as the 35th largest industrial exporter in a study conducted by *Fortune* magazine.

The trend of powerful, yet affordable, off-the-shelf processors finding a home in high-end computers once solely dependent on highly complex and costly custom chips will continue. The 386 microprocessor, for instance, is present in PCs like Compaq's DESKPRO 386 and IBM's top-of-the-line PS/2 series, yet it is also

the brain of Sun Microsystems' 386i engineering workstation, Prime Computer's EXL 316 minicomputer and Intel's iPSC/2 concurrent supercomputer. The next generation of Intel technology will most likely be targeted at the higher end of the computing spectrum. Over time, however, it, like its forebears, will be replaced in the most challenging applications of the day by even higher performance designs.

You can bet Intel engineers are working on those innovations right now. Two decades later, the revolution at Intel lives on.

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- VAX is a trademark of Digital Equipment Corp.
- CHMOS is a patented process of Intel Corp.
- SPECTRUM is a trademark of the Foxboro Company.
- DESKPRO is a trademark of Compaq Computer Corp.



but way out in 1988. In an environment where a microscopic speck of dust can ruin an entire integrated circuit, keeping clean (and thus covered) is mandatory. Intel's newest facility in New Mexico features conditions 1000 times more sterile than an operating room. Futuristic, airtight "bunny suits" ensure human particles don't make it into the clean room.

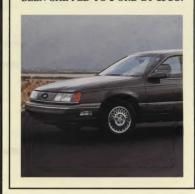
The mini smock was in in 1968,

Intel's Integrated Services Digital Network (ISDN) technology is used to transmit voice, data and video simultaneously over standard phone wire.

Thirteen Intel embedded controllers are used in this Brown Boveri locomotive, in use in Zurich.

Leo Yau, an Intel Fellow, is credited with a 1983 breakthrough that gave Intel the most advanced DRAM storage capacitor then available.

THE ENGINE IN THIS FORD TAURUS IS CONTROLLED BY INTEL PRODUCTS. FORD BEGAN INCORPORATING THE EEC-IV ENGINE CONTROL MODULE IN ITS CARS IN 1984. BASED ON A CUSTOM MICROCONTROLLER AND EPROM FROM INTEL, THE EEC-IV MODULE IS PRESENT IN EVERY FORD CAR AND LIGHT TRUCK IN NORTH AMERICA. TEN MILLION OF EACH OF THE TWO PARTS HAD BEEN SHIPPED TO FORD BY 1988.





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